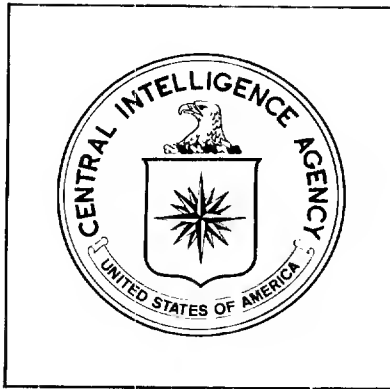


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WESTERN EUROPE -- CANADA -- INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Government and Opposition Trade Charges in Turkey

The opposition Republican Peoples Party and the coalition government of Prime Minister Demirel traded charges recently over the government's Cyprus policy, which heretofore had been kept out of partisan politics.

Republican party leader Ecevit accused Demirel of over-reliance on secret diplomacy. Former foreign minister Gunes described Demirel's policy as "timid" and warned that the government is preparing to make concessions on the Cyprus issue.

In response, Demirel denied that the government's Cyprus policy is unclear or that he intended to make concessions. In fact, Demirel has said little on Cyprus beyond restating Ankara's insistence on a bi-regional solution and its willingness to modify the boundary line separating the Greek and Turkish Cypriot zones.

The Republican charges seem aimed at drawing out Demirel's position on Cyprus for the purpose of attacking it, [REDACTED]

[REDACTED] The Republican charges may also be designed to disassociate the party from any concessions that Demirel might make in his talks with Greek Prime Minister Karamanlis at the NATO summit in Brussels this week.

Exploitation of the Cyprus issue by the Republicans could deter Demirel from modifying Turkey's heretofore tough stance on the Cyprus issue. It could also provide him with another excuse to avoid serious negotiations if he so chooses. (Secret No Foreign Dissem/Controlled Dissem)

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Canadian Legislation to Curb US Periodicals
Runs Into Trouble

The Trudeau government's plan to eliminate the special tax advantages enjoyed by the Canadian editions of Time and Reader's Digest has run into trouble in Parliament.

Opposition to the proposed legislation, which would end the tax exemption for advertisers in the two periodicals and require majority Canadian ownership, has grown not only among the Tories but also within the governing Liberals' parliamentary caucus. The objections to the bill center on the provision which gives the government wide discretion in enforcing requirements governing the "Canadian content" of periodicals.

The critics maintain that this discretionary power smacks of censorship which could affect a variety of other publications and would be difficult to apply. In addition, Liberal members from Quebec are distressed over the possible termination of the French edition of the Canadian Reader's Digest.

There are growing doubts that the bill will pass the required second reading before Parliament adjourns in July for its summer recess. It is also possible that the bill will not even pass in its present form.
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Ottawa Announces Loan to Seoul for Purchase of
Nuclear Power Plant

Ottawa announced on May 28 that it had granted South Korea a loan of \$380 million to finance the sale of a Canadian-produced nuclear power reactor. The sale, however, is still contingent upon agreement between the countries on bilateral safeguards arrangements.

There is little disagreement among Canadians on the purely commercial aspects of the reactor sale, but domestic opinion has been uneasy about the possibility of Canada contributing to the proliferation of nuclear weapons following the explosion of a nuclear device by India last year using material from a Canadian-supplied reactor. Ottawa has insisted that prior to any further reactor sales agreements the purchaser must ratify the Non-Proliferation Treaty and its attendant safeguards and accept bilateral safeguard arrangements covering materials produced by the reactor as well as the technology provided by Canada. The Trudeau government has been under heavy domestic political pressure to insist on very strict bilateral safeguards.

Although South Korea has now ratified the Non-Proliferation Treaty, finalization of the sale is still dependent on agreement covering bilateral safeguards, especially on the touchy issue of restricting the transfer of Canadian nuclear technology. The tenor of Ottawa's announcement concerning the loan to South Korea may mean that the Canadians feel such an agreement is nearing completion. (Confidential No Foreign Dissem)

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Norwegian Prime Minister's Remarks Create Stir

Norwegian Prime Minister Bratteli's remarks last week about relations with the Soviet Union in the Barents Sea and Svalbard areas have caused a stir in Moscow and in several western capitals.

Some are interpreting them as an invitation for closer Soviet-Norwegian relations in the Arctic. The Soviet ambassador perceived the speech as a special gesture towards the USSR. The US, UK, and West German ambassadors all expressed reservations either to Bratteli directly or through his foreign minister.

Bratteli said the main focus of Norwegian-Soviet relations is an overriding interest in "maintaining peace in the area and in reaching clear agreement about economic activity in and on these ocean areas." He suggested that the Soviets see extensive economic activity in the area between Norway and Svalbard as a hindrance to their right of free passage and interference with their large military bases on the Kola peninsula.

The Bratteli speech went further than past Norwegian statements on the Svalbard question. Bratteli's apparent undue concern with Soviet sensitivities and fears about the Arctic area led to assumptions in some capitals that the Norwegians were planning to bend over backwards to accommodate the Russians. Others believe that Norway intends to prohibit any economic projects in the area that interfere with Soviet activities.

The Norwegians exercise sovereignty over Svalbard and have repeatedly insisted that they intend to maintain tight control over exploration

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and development in the area. The USSR has actively sought to expand its rights by challenging and demanding participation in several Norwegian projects on Svalbard. While the Soviets have made some progress, the Norwegians have kept a careful eye on the situation.

The Bratteli speech probably does not imply a change in Norwegian policy, but rather a legitimate regard for Soviet security concerns and the need for clear-cut agreements with the Soviet Union concerning Svalbard. Bratteli has instructed the Foreign Ministry to correct any misinterpretation of his remarks. (Confidential No Foreign Dissem)

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US Participation in ILO Threatened

The 60th conference of the International Labor Organization (ILO) opening next week in Geneva seems likely to grant observer status to the Palestine Liberation Organization. The move could threaten US participation in the ILO.

The PLO has already won observer status in the Universal Postal Union, the World Health Organization, the International Telecommunications Union and UNESCC, and has garnered considerable support over the past year for a resolution giving it similar status in the ILO. Much of the support for the Palestinians derives from an agreement last year between the Arab League and the Organization of African Unity to back the demands of national liberation movements for observer status in international organizations.

The case of the ILO causes particular complications for the US because government, employers and workers are represented separately within the national delegations. This structure gives the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) a relatively independent role. The AFL-CIO categorically opposes any form of acceptance of the PLO and may refuse further participation in the ILO if Palestinians are seated. Withdrawal of the US worker delegation would make continued US participation in the ILO difficult and perhaps impossible. (Confidential No Foreign Dissem)

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French Government Concerned About Unemployment
Level

In the last few weeks, French leaders have shown signs of diminishing self-confidence in their references to the jobless rate. President Giscard acknowledged in a recent interview that unemployment--now about four percent--had perhaps reached the tolerable upper limit. As a result, a policy shift can be expected toward job creation.

The government has already moved to deal with the expected jump in unemployment this fall when about half a million youths will enter the labor market. Those in search of their first jobs are not now entitled to any unemployment benefits unless they are graduates of a technical school and have been registered with the unemployment office at least six months. The government will probably reduce or eliminate these conditions. Moreover, on May 21 Giscard proposed a new work-training program that would allow youth recruited for their first jobs to spend up to fifty percent of their time on vocational training outside the company on full pay. The program also reflects the president's interest in attracting youth to the manual trades.

Labor leaders are seizing on the unemployment issue in a last effort before the summer vacation period to mobilize the rank and file, which to date have behaved with notable restraint and a healthy appreciation of the international factors influencing France's economic problems. The political opposition

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has thus far been ineffectual in making the government's austerity program and unemployment a cause for concern. The Socialists and Communists spent a month holding public meetings in which the government's responsibility for the state of the economy and plight of the workers was stressed, but this produced little public enthusiasm. French workers have had little interest in striking when they fear that employers, caught in the economic squeeze, will use the opportunity to cut jobs.

The government's concern derives in part from a set of increasingly gloomy unemployment statistics: with around 800,000 now out of work, unemployment equals about 4 percent of the labor force of about 22 million. French conventional wisdom had held the 5-600,000 level was the "critical" point, but the justification for that figure is not apparent.

French statistics understate unemployment as compared to US data. French figures count only "registered unemployed" and thus exclude job seekers who are not registered. Using the US method of calculation, the French unemployment rate would be slightly over 5 percent.

The unemployment rate, now the highest since World War II, is probably at least partly responsible for the slow pace of consumer spending thus far in 1975, but there are few other visible effects.
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